



## CHINA'S FOOTPRINT IN HIGHER EDUCATION

The Biden administration's lackadaisical, scaled back enforcement of universities' reports of foreign gifts leaves United States national security in jeopardy. China, the United States' most prominent adversary, works to gain influence through American universities and remain undetected. While there are measures in place to monitor Chinese financial influence, the Biden administration has failed to effectively enforce and investigate foreign financial influence in American universities.<sup>1</sup> Congress can take steps to properly track and respond to financial gifts to American universities from our adversaries.

### BACKGROUND

- **The Higher Education Act of 1965 (HEA) requires universities to report funds received from foreign countries.**
  - Section 117 of the HEA requires universities to report contracts and gifts from a foreign country that are valued at \$250,000 or more in one year.<sup>2</sup>
  - The stated goal of the policy is to preserve both “academic freedom and national security.”<sup>3</sup>
  - The years of failed enforcement of Section 117 has resulted in America being unaware of the influence of foreign countries. In 2019, the Department of Education found that \$6.5 billion in foreign gifts went unreported.<sup>4</sup>
  - The unknown influence of American adversaries poses a serious risk to national security. For example, China has been the largest source of foreign gifts since 2013.<sup>5</sup> From 2011 to 2020, Chinese sources gave more than \$426 million to American universities.<sup>6</sup> Then, in 2021, Chinese sources had \$120 million in contracts with American universities.<sup>7</sup>
- **China is finding ways to bypass the law and infiltrate American universities.**
  - Confucius Institutes
    - Confucius Institutes claim to exist for the purpose of educating in Chinese language and culture, yet they are effectively propaganda machines funded by the Chinese government.<sup>8</sup> The Institutes participate in many concerning practices like limiting intellectual freedom and transparency and receiving funding from Chinese government affiliates.<sup>9</sup>
    - A Senate hearing in 2019 revealed that 70 percent of universities who host Confucius Institutes failed to properly report the funds China gave them.<sup>10</sup>
    - While many Confucius Institutes have closed after pressure from state and federal policies, similar partnerships with China remain a concern. The National Association of Scholars reports that while many Institutes have been closed, there are still 13 that remain open.<sup>11</sup> Of the universities that closed Institutes, over 80 schools maintain a close relationship with their Chinese sponsor or host a similar program with a new name.
  - Research
    - There is a high correlation between foreign gifts from China to universities with significant research laboratories who also have contracts with the Department of Defense (DOD).<sup>12</sup> In August 2022, it was reported that a University of Maryland professor was receiving funds from a Chinese e-commerce company for his research in surveillance software.<sup>13</sup> Even more concerning, the

professor was also receiving funds from DOD for similar research.

- The University of Pennsylvania has received many foreign contributions, especially since the opening of the Penn Biden Center in 2017. The House Committee on Oversight and Accountability reported that donations from Chinese sources tripled since the Center opened.<sup>14</sup>
- **The Trump and Biden administrations have taken different actions to enforce Section 117.**
  - The Trump administration established a new electronic reporting system in June 2020 by which universities can submit the disclosures required in Section 117 to the Department of Education (DOE).<sup>15</sup>
  - In October 2020, an investigation by the Department of Education revealed that upward of \$6.5 billion in gifts from foreign countries including China had gone unreported.<sup>16</sup> Following the report, DOE issued an interpretation notice that they will be enforcing Section 117.<sup>17</sup>
    - The Biden administration demonstrated their lack of seriousness in cracking down on these violations when they withdrew the proposed rule for Section 117 enforcement that Trump administration had issued.<sup>18</sup>
  - In January 2021, President Trump issued a memorandum that impacts university research funded by China, like that at the University of Maryland. The memorandum instructs agencies who participate in United States Research and Development to require researchers to “fully disclose information that can reveal potential conflicts of interest and conflicts of commitment.”<sup>19</sup> The Biden administration also supported the memorandum.<sup>20</sup> In practice, this memorandum removes a loophole from universities that conduct research for both the United States and Chinese companies.
  - President Biden signed into law the *Creating Helpful Incentives to Produce Semiconductors and Science Act* (CHIPS) in August of 2022.<sup>21</sup> Among many actions, this bill requires the National Science Foundation (NSF) to monitor foreign money of more than \$50,000 given to universities that also receive NSF research grants.<sup>22</sup> The bill instructions to NSF are derived with reference to requirements of Section 117.
  - The Biden administration has not opened any investigations, but instead relaxed some disclosure reporting requirements beginning June 2022.<sup>23</sup>

## POLICY SOLUTIONS

- **Some members have taken steps to oversee and investigate enforcement of Section 117.**
  - The Committee on Education and the Workforce, led by Rep. Virginia Foxx, sent a letter to Secretary Cardona on February 24, 2023, condemning the DOE for failing to protect students and taxpayers from the threats from foreign adversaries.<sup>24</sup> Specifically, the letter requests information about University of Pennsylvania’s potential violation of Section 117 of the HEA. The letter also requests information about the process of giving the Office of Federal Student Aid the enforcement responsibility for Section 117.
  - The Committee on Oversight and Accountability is also concerned with Chinese financial influence. In January 2023, Chairman James Comer sent a letter to the University of Pennsylvania requesting information about their foreign donations from China.<sup>25</sup>
- **Congress can also make legislative changes to protect American universities from China.**
  - Congress can strengthen reporting requirements on universities. For example, *The Zero Foreign Influence in Education Act* would require universities to report any foreign gift or contract, regardless of the amount.<sup>26</sup>
  - Congress can require the Department of Education to strictly enforce and investigate violations of Section 117.
  - Congress can pass legislation prohibiting all Chinese funds in higher education. For example, the *Protecting Higher Education from Foreign Threats Act* would prohibit any institution of higher education and its employees from receiving funding from China or else lose federal funding.<sup>27</sup>

- <sup>1</sup> Aschieris, Samantha “Asleep at the Wheel? ‘Little Evidence’ Biden Is Requiring Colleges to Report Foreign Cash, Betsy DeVos Says.” The Daily Signal. February 06, 2023. <https://www.dailysignal.com/2023/02/06/two-years-later-little-evidence-biden-admin-enforcing-law-higher-ed-gifts-foreign-countries-china/>
- <sup>2</sup> “College Foreign Gift and Contract Report.” U.S. Department of Education. <https://sites.ed.gov/foreigngifts/>
- <sup>3</sup> “Section 117 Foreign Gifts and Contract Reporting” U.S. Department of Education. May 15, 2023. <https://www2.ed.gov/policy/highered/leg/foreign-gifts.html>
- <sup>4</sup> Viswanatha, Aruna and Korn, Melissa “Top Universities Took Billions in Unreported Foreign Funds, U.S. Finds.” The Wall Street Journal. October 20, 2020. <https://www.wsj.com/articles/top-universities-took-billions-in-unreported-foreign-funds-u-s-finds-11603226953>
- <sup>5</sup> “Chinese Communist Party (CCP) Threat to American Universities.” House Foreign Affairs Committee. February 2020. <https://foreignaffairs.house.gov/wp-content/uploads/2020/02/CCP-Threat-of-American-Universities-V3.pdf>
- <sup>6</sup> *Id.*
- <sup>7</sup> Schoffstall, Joe “China secured \$120 million in contracts with US universities, records show.” Fox News. April 12, 2022. <https://www.foxnews.com/politics/china-secured-120-million-contracts-us-universities-2021-records-show>
- <sup>8</sup> Edwards, Lee “Confucius Institutes: China’s Trojan Horse.” Heritage Foundation. May 27, 2021. <https://www.heritage.org/homeland-security/commentary/confucius-institutes-chinas-trojan-horse>
- <sup>9</sup> *Id.*
- <sup>10</sup> “China’s Impact on the U.S. Education System.” Senate Committee on Homeland Security and Governmental Affairs. <https://www.hsgac.senate.gov/wp-content/uploads/imo/media/doc/PSI%20Report%20China's%20Impact%20on%20the%20US%20Education%20System.pdf>
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- <sup>13</sup> Schönander, Lars Erik “Why don’t we know what foreign money is entering our universities?” The Hill. October 27, 2022. <https://thehill.com/opinion/congress-blog/3708315-why-dont-we-know-what-foreign-money-is-entering-our-universities/>
- <sup>14</sup> “Comer: Anonymous Chinese Donations to UPenn Potentially Influenced Biden Administration Policies.” House Committee on Oversight and Accountability. January 18, 2023. <https://oversight.house.gov/release/comer-anonymous-chinese-donations-to-upenn-potentially-influenced-biden-administration-policies%ef%bf%bc/>
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- <sup>27</sup> H.R.684 - 118th Congress “Protecting Higher Education from Foreign Threats Act.” January 31, 2023. <https://www.congress.gov/bill/118th-congress/house-bill/684?q=%7B%22search%22%3A%5B%22%22%5D%7D&s=1&r=17>